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Message Text

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60
ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03

NSC-05 PA-01 PRS-01 SS-15 AGR-05 (ISO) W
---------- 118213
P R 212041Z NOV 75
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC PRIORITY 2048
INFO AMCONSUL CALI
AMCONSUL MEDELLIN

C O N F I D E N T I A L BOGOTA 11269

EO 11652: GSDS
TAGS: PINT CO
SUBJ: THE WEEK IN COLOMBIA

1. SUMMARY: LIBERALS CONTINUED TO MANEUVER WITH AN EYE TO THE PARTY CONVENTION IN DECEMBER. CONCERN OVER SECURITY DIMINISHED SLIGHTLY DURING THE WEEK. CHARGES OF ATTEMPTED COERCION HIGHLIGHTED SENATE TESTIMONY ON THE BANK COLOMBIAN-IZATION BILL. THE MAOIST-CONTROLLED BANK-WORKERS UNION PLANNED A BANK STRIKE PRIOR TO MID-DECEMBER. THE LOPEZ CABINET UNDERWENT SOME CHANGES AND RESHUFFLING. MONETARY AUTHORITIES RESTRICITED CREDIT AND THE GROWTH IN THE MONETARY SUPPLY. END SUMMARY.

2. LIBERAL PARTY ACTIVITY. LIBERAL PARTY FACTIONS JOCKEYED IN ANTICIPATION OF THE CONVENTION CALLED FOR DEC 12 (BOGOTA 11041). TURBAYISTAS WERE PROBABLY THE DRIVIN FORCE, WITH PRESIDENT LPEZ'S APPROVAL, BEHIND THE DECISON TO CALL THE CONVENTION AT THIS TIME. THE SO-CALLED FIRST FORCE (LOPISTA CONGRESSMEN) MET WITH LOPEZ, WHO GAVE HIS SUPPORT FOR THE CONVENTION, BUT DIRECTED THE FIRST FORCE TO DROP THE "LOPISTA" LABEL, APPARENTLY NOT WISHING TO BE IDENITIFED
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WITH A PARTICULAR PARTY FACION. FORMER PRESIDENT LLERAS

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AND HIS FOLLOWERS MET WITH OTHER FACTIONS AND HUDDLED
AMONG THEMSELVES TO DETERMINE THEIR POSITION ON THE CON-
VENTION AND ITS CONSEQUENCES FOR THE LLERISTA MID-TERM
AND 1978 PRESIDENTIAL CAMPAIGNS. BY THE END OF THE WEEK
LLERAS HAD NOT DECIDED WHETHER HE OR HIS GROUP WOULD ATTEND,
INCREASING SPECULATION THAT TURBAYISTAS AND LLERISTAS AS
WELL LOOK UPON THE CONVENTION AS A MEANS OF DERAILING THE
LLERAS CAMPAIGN MACHINE. TURBAYISTAS TOLD THE EMBASSY THEY
WOULD PRESENT SEVERAL ANTI-LLERAS RESOLUTIONS, WHICH WOULD
CONDEMN PREMATURE PRESIDENTIAL CANDIDATES AS WELL AS THE
REELECTION OF EX-PRESIDENTS. PASSAGE OF THESE RESOLUTIONS WOULD
PROBABLY DRIVE LLERAS FURTHER AWAY FROMTHE PARTY AND SET THE
STAGE FOR AN EVENTUAL FORMAL SPLIT IN THE PARTY.

3. STATUS OF FOREIGN BANKS. THE GOVERNMENT'S
EFFORTS TO COLOMBIANIZE THE FOREIGN BANKS GAINED SPEED
THIS WEEK WITH APPEARANCES BEFORE THE SENATE BANK COMMITTEE
OF FINANCE MINISTER BOTERO, THE PRESIDENT OF THE BANCO DE
COLOMBIA, THE PRESIDENT OF THE NATIONAL ASSOCIATION OF FINAN-
INSTITUTIONS (ANIF) AND THE BANKING SUPERINTENDENT. ALL TESTIFIED
IN FAVOR OF THE LEGISLATION, BUT ANIF INTRODUCED A NEW ELEMENT
BY CHARGING THAT A CITIBANK SUBSIDIARY HAD ATTEMPTED TO FORCE
ANIF TO OPPOSE THAGOVERNMENT BY THREATENING TO WITHDRAW
FROM THE ASSOCIATION. BOTERO URGED PROMPT PASSAGE OF THE LAW
BY THE SENATE AND CIRTICIZED THOSE, SUPPOSEDLY FRIENDS OF THE
GOVERNMENT, WHO WANT TO STUDY THE PROJECT TO DEATH, THEREBY
INVOLUNTARILY SERVING "FOREIGN INTERESTS".

4. POSSIBLE BANK STRIKE. THE BANKWORKERS UNION (ACEB) LED
BY MEMBERS OF THE MAOIST REVOLUTIONARY AND INDEPENDENT WORKERS
MOVEMENT (MOIR) WAS REPORTED DURING THE WEEK TO BE PLANNING
A STRIKE PRIOR TO MID-DECEMBER. A SIMILAR STRIKE LAST YEAR
CAUSED MINOR DISRUPTION. THE ACEB, BETTER ORGANIZED THIS
YEAR, HOPES TO USE THE STRKE TO DEMONSTRATE MOIR MILITANCY,
IN CONTRAST WITH THE MOSCOW-LINE TRADE UNION CONFEDERATION
OF OOLOMBIAN WORKERS (CSTC) WITH WHICH MOIR IS FUEDUING
(BOGOTA 11105).

5. CABINET CHANGES. MINISTER OF MINES AND ENERGY JUAN
JOSE TURBAY UNEXPECTEDLY RESIGNED HIS POST NOV 18
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FOR "PERSONAL REASONS". PRESIDENT LOPEZ REPLACED TURBAY
WITH MINISTER OF COMMUNICATIONS JAIME GARCIA PARRA AND NAMED
IMF OFFICIAL FERNANDO GAVIRIA CADAVID TO REPLACE GARCIA (BOGOTA
1184). LOPEZ ALSO NAMED FORMER AMBASSADOR TO THE US CARLOS
SANZ DE SANTAMARIA AS THE NATIONAL DIRECTOR OF CIVIL AERO-
NAUTICS. ADMINISTRATIVE DEPARTMENT OF SECURITY (DAS)
CHIEF, GENERAL JOSE JOAQUIN MATALLANA HAD BEEN ACTING HEAD OF
CIVIL AERONAUTICS SINCE A WILDCAT STRIKE BY AIR TRAFFIC

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CONTROLLERS OCT 23 (BOGOTA 10773). MATALLANA HAD CLEANED HOUSE
DURING HIS TENURE, FIRING OVER 20 EMPLOYEES
MANY OF THEM LEFTIST RADICALS, WHO HAD LED THE STRIKE.

7. MONETARY GROWTH AND CREDIT RESTRICTED. THE MONETARY
BOARD MOVED TO RESTRAIN A RECENT RAPID GROWTH IN THE MONEY
SUPPLY. RAPIDLY EXPANDING EXPORT RECEIPTS AND A SLUGGISH
GROWTH OF IMPORT PAYMENTS GENERATED A RECENT 56 MILLION DOLLARS
INCREASE IN RESERVES, MOTIVATING THE RESTRICTIVE MEASURES.
RESERVE REQUIREMENT ON MARGINAL RESERVES WAS INCREASED
TO 100 PERCENT, SOME INCENTIVES FOR ADVANCE EXPORT PAYMENTS
WERE ELIMINATED, THE DISCOUNT RATE FOR HOUSING ASSOCIATIONS
WAS INCREASED AND THE PETROLUEM DOLLAR WAS INCREASED FROM
24 TO 25 PESOS. MEASURES WERE TAKEN TO ASSURE AVAILABILITY
OF CREDIT FOR AGRICULTURAL MACHINERY, AND BANKS CAN PLACE
PORTIONS OF MARGINAL RESRVES IN ECONOMIC EMERGENCY BONDS,
(TREASURY BILLS) WHICH CAN BE DISCOUNTED IN THE CENTRAL
BANK OR MARKETED.
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